Air Force Materiel Command

Developing, Fielding, and Sustaining America's Aerospace Force

SERVICE CONTRACTING

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U.S. AIR FORCE

Integrity - Service - Excellen

What's a Service?

- **Far 37.101 "Service contract" means a contract that directly engages the time and effort of a contractor whose primary purpose is to perform an identifiable task rather than to furnish an end item of supply. A service contract may be either a nonpersonal or personal contract. It can also cover services performed by either professional or nonprofessional personnel whether on an individual or organizational basis.**
- **How do I determine what it is?**
  - Labor Law – NO
  - Past history – NO
  - Money issues – NO
  - PBSA issues – NO
  - How the information is used – NO

What's a Service?

- **Kinds of services**
  - A&AS, studies, repair, overhaul, remanufacturing, CLS, COMBS, base support etc
- **Deliverables**
  - Individual's Time
  - Report
- **Supply**
  - Far 2.101 "Supplies" means all property except land or interest in land.
  - Common use purchase of an end item
- **How is a supply different**
  - Title
  - Ordering

What's a Service?

- **Why is it even important to identify the effort correctly?**
  - Congress
  - Reporting
  - IG issues

Introduction to Service Contracting

- **Defining the requirements and PBSA**
  - Critical
  - The “handshake” is gone
  - Cradle to grave
  - Sow or Soo
  - Performance Assessment
    - Risk shift
    - Oversight to insight
    - What’s important to the customer
  - Cost increase
- **Multiple Award Schedules**
  - Pros/Cons

Introduction to Service Contracting

- **Unique Service Clauses**
  - Commercial
    - Contract Terms and Conditions-Commercial Items

      FAR 52.212-4
  - A&AS
    - Requirements Affecting Contractor Personnel Performing Mission Essential Services AFFARS 5352.223-9002

Program Management of Service Contracting

- **Organization**
  - Phases
  - Work Breakdown Structure
  - Schedules
    - Project Calendars
    - Pert
    - Gannt
  - Assessing performance
    - Earned Value Management

Risk Management in Service Contracting

- Risk Management Overview
  - Planning
  - Identification
  - Assessment
  - Handling
  - Monitoring
  - Closure

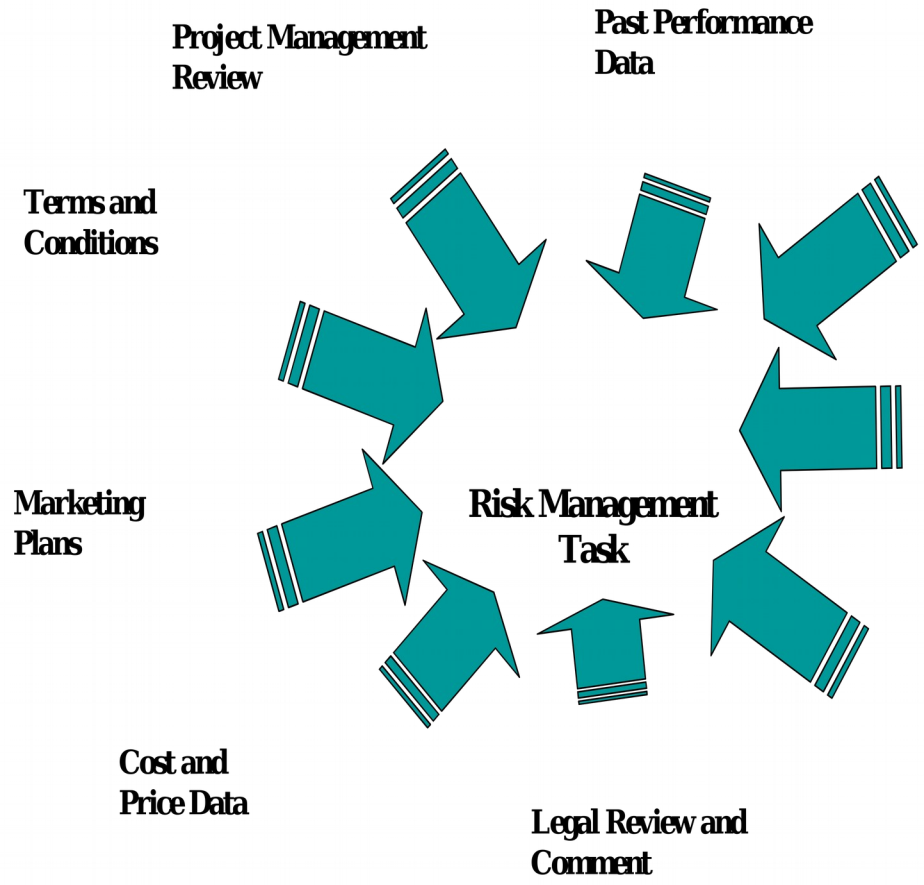
Risk Management in Service Contracting

Planning

- Develop a Risk Management structure
- Ensure integration within the current program management framework
- Identify key participants and stakeholders
- Define roles and responsibilities
- Define the processes and methodologies
- Establish risk management tools, parameters, reports and formats.
- Train Program Team Members

Risk Management in Service Contracting

Identification



Coordinated efforts of:

- Risk Manager
- Independent Assessments
- Program Team Members

Defined communication streams

Identify risk attributes

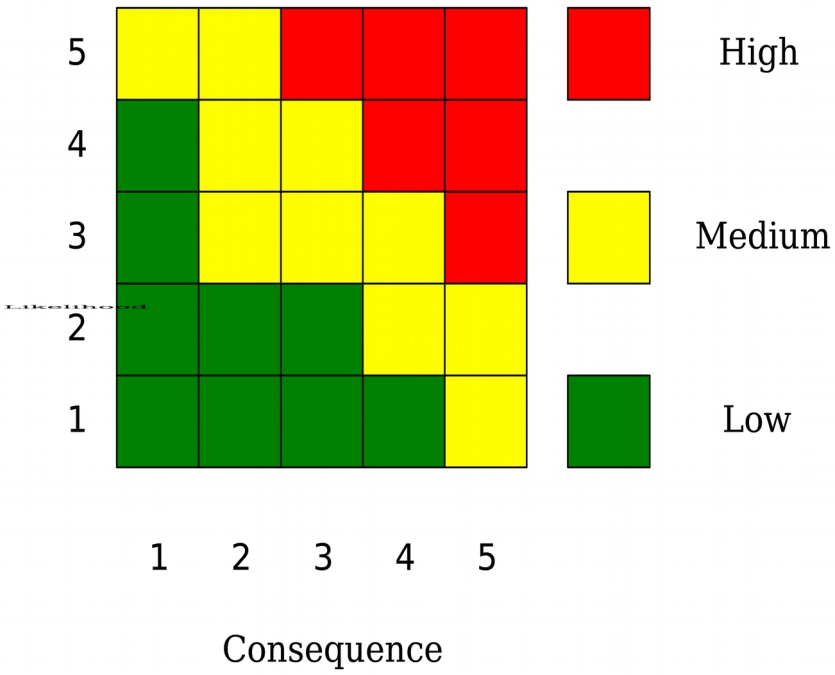
- Risk Definition
- Risk Elements
- Potential Impacts

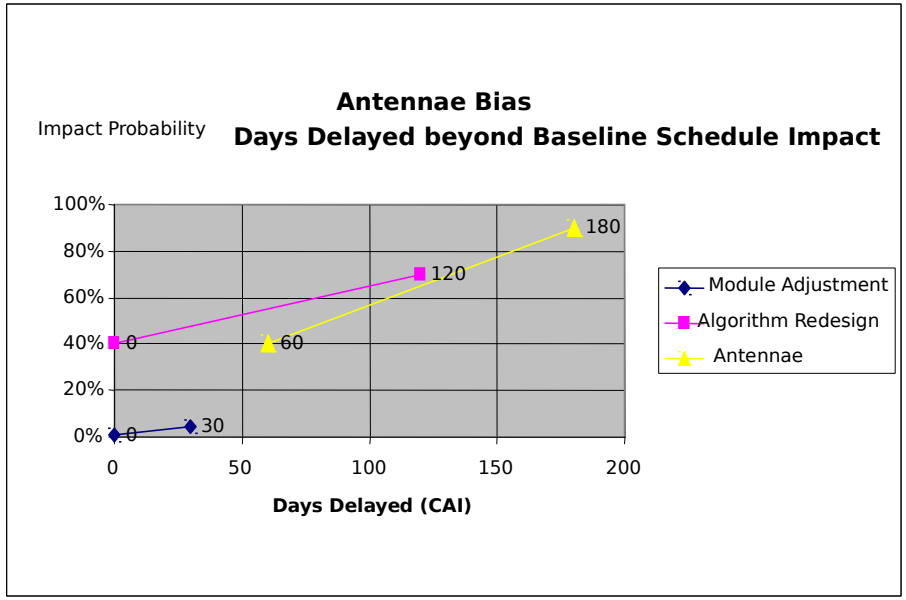
Analysis

- Collect basis of estimates for the impact and likelihood of risk events from subject matter experts.
- Establish dispositions of low, medium, and high risks, and appoint a risk champion to manage mitigation.
- Understand appropriate use of quantitative methods, SME bias, and hypnotic statistical power

Risk Management in Service Contracting

Risk Assessment Quantification





Risk Management in Service Contracting Handling

- **Develop Mitigations Plans**
  - Risk Champion
  - SMEs
  - Collect relevant supporting documentation
  - Determine metrics to monitor Mitigation Actions
  - Develop Risk Closure Criteria

TIP: Reward successful risk champions and the team for their time efforts and ideas and include incentives in annual performance reviews.

Risk Management in Service Contracting

Closure

- Collect, verify, and analyze all requisite information pertaining to a potential risk closure
- Coordinate and agree risk closure with all relevant parties including Risk Champion
- Record the criteria supporting each risk close out including all supporting documentation
- Prepare and distribute regular reports detailing risk closures to the relevant parties (i.e Program Manager)

Contracts for Specialized Services

- **Research and Development**
  - A service with specialized rules Congress still pushing competition
  - PBSA applies – inherently PBSA
  - SCA may not apply
- **Personal Services Contracts**
  - Section 841 Additional Authority to Enter into Personal Services Contracts
- **Multiple Award Schedules**
  - PBSA requirement still exists
  - Fair opportunity requirement still exists
  - NDAA FY 04 requirement exists

Contracts for Specialized Services

- **Cafeteria Services**
  - NDAA FY 04 Randolph Sheppard Act
- **Depot Maintenance**
  - Corporate contracts
  - Purchasing and Supply Chain Management

Current Legislation

- **NDAA FY 04**
  - Sec 842 Elimination of Certain Subcontract Notification Requirements
    - Eliminates the requirement that contractors with a cost contract notify the agency before awarding a cost-plus-fixed fee, or a fixed fee subcontract greater than the SAT or 5% of the prime contract
  - Sec 843 Multiyear Task and Delivery Order Contract
    - Limits task and delivery order contract length to 5 years
    - Dee Lee 18 Feb 04 letter

Current Legislation

- **NDAA FY 04**
  - Sec 851 Report on Contract Payments to Small Businesses
    - Reporting of timeliness of payments made to small businesses during FY 2001-2
      - Rationale on why payments not timely
      - Interest paid
  - Sec 852 Contracting with Employers of Persons with Disabilities
    - Continuation and completion of existing contracts awarded to blind and severely disables for the operation of military troop dining facilities, mess halls and other similar military dining facilities

Current Legislation

- **NDAA FY 04**
  - Sec 853 Demonstration Project for Contractors Employing Persons with Disabilities
    - Establishes demonstration program
  - Sec 1412 Acquisition Workforce Training Fund
    - GSA only
    - 5% collection on various contracts, submitted quarterly

Current Legislation

- **NDAA FY 04**
  - Sec 1413 Acquisition Workforce Recruitment Program
    - Special rules to recruit highly qualified people directly into jobs NOT DoD
  - Sec 1414 Architectural and Engineering Acquisition Workforce
    - Establishes priorities and programs, professional standards etc for A&E services
  - Sec 1421 Chief Acquisition Officer
    - Establishes CAO for GSA
    - Management and oversight responsibilities

Current Legislation

- **NDAA FY 04**
  - Sec 1422 Chief Acquisition Officers Council
    - GAO
    - Monitoring and improving federal acquisition system
  - Sec 1427 Improvements in Contracting for A&E Services
    - Raises the small business participation incentive threshold to $300,000 from $85,000
    - Requires direct supervision of licensed, registered professional architect or engineer

Current Legislation

- **NDAA FY 04**
  - Sec 1428 Authorization of Telecommuting for Federal Contractors
    - Cannot render an offer ineligible or reduce scoring based on telecommuting
  - Sec 1431 Additional Incentive for Use or Performance-Based Contracting for Services
    - Raises threshold for PBSA commercial contracts from $5M to $25M.
    - Requires reporting of the provision's use

Current Legislation

- **NDAA FY 04**
  - Sec 1432 Authorization of Additional Commercial Contract Types
    - Allows use of T&M contracts for the procurement of commercial services
  - Sec 1433 Clarifies Commercial Services Definition
    - Recognizes that services are sold on the basis of specific outcomes in additional to specific tasks.

http://www.wifcon.com/dodauth04.htm